

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3496 - SB 3270

March 4, 2012

SUMMARY OF BILL: Removes the local funding from the funding allocated to state licensed residential mental health facilities on a pro-rated basis for the student's length of stay. To receive funding a facility must operate as a Category I school and provide a minimum of sixteen and one-half hours per week of educational instructional services to students; students must be admitted and must have been enrolled in the LEA in the academic year immediately preceding admission and be currently enrolled in the LEA; and the student must be admitted under a written order of a qualified physician licensed to practice in Tennessee. The order must be based on a certification of medical necessity and an exact copy must be provided to the LEA before any funds will be disbursed. States that this part shall not be used or construed to circumvent the requirements of the federal Individuals with Disabilities Education Act (IDEA).

ESTIMATED FISCAL IMPACT:

Decrease Local Government Expenditures – Exceeds \$50,000

Assumptions:

- According to the Comptroller of the Treasury and the Department of Education, removing the local funding from the allocation sent to residential mental health facilities will decrease the daily rate paid to these facilities.
- DOE estimates that the daily rate allocated to residential mental facilities will decrease approximately \$13 per day.
- By requiring stricter criteria for funding allocation, residential mental health facilities will request reimbursement for fewer patients.
- The number of students currently receiving treatment in, and who will receive treatment in, residential mental health facilities in the future is unknown and will vary by LEA.
- There are currently 950,244 students in Tennessee public schools. If one percent of all students (950) stayed in a residential mental facility each year for a total of thirty days and each student's rate was reduced by \$13, the decrease in local expenditures will be \$370,500 (950 x \$13 x 30 days).
- The decrease in local expenditures is estimated to exceed \$50,000.

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- The Comptroller received estimates from three LEAs in preparing the support form for this bill. The results revealed that of the three LEAs, one expects to allocate a total of \$4,000 to \$7,000 to these facilities; one expected to allocate \$5,000 to \$28,000; and one did not currently allocate funding.
- No fiscal impact on the BEP funding formula.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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